

Office for Emergency Management
OFFICE OF SCIENTIFIC RESEARCH AND DEVELOPMENT
1530 P Street, N. W.
Washington 25, D. C.

ADMINISTRATIVE CIRCULAR 5.19 (REVISED)
(Contracts)
Supplement No. 1

SUBJECT: APPROVAL OF ADVANCE PAYMENT VOUCHERS BY OSRD TECHNICAL
REPRESENTATIVES

Effective December 15, 1943, designated technical representatives of the Contracting Officer will be given an opportunity to examine and recommend approval of all advance payment vouchers submitted under contracts which make provision for advances.

This will give technical personnel a chance to pass upon the official necessity for and reasonableness of each month's estimated expenditures, on which requests for advances are based, and will assist in effecting a better general control of the situation. No special certification by technical representatives will be required on this type of voucher but approval will be indicated by placing the name or initials in the space which will be provided on the voucher. In cases when it appears that requested amounts are unreasonable or unnecessary technical representatives may discuss the matter with the contractor concerned and, if necessary, recommend approval of a lower amount. This can be done by signing or initialing the voucher but indicating on the accompanying transmittal slip the recommended amount.

In order to complete the plan for more adequate control of funds advanced, the attached instructions have been prescribed for all contractors receiving advances and are furnished for your information. These instructions should not be furnished to contractors not receiving advances under contract provisions.

Since contractors are usually anxious to receive advances as soon as possible, priority handling should be given to all such vouchers.

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INSTRUCTIONS REGARDING ADVANCE PAYMENTS

(To be furnished only to contractors entitled under contract provisions to receive advance payments).

GENERAL INFORMATION

The law which authorizes OSRD to make advance payments specifically states that they are to be allowed if they "will promote the National interest". Such payments are made only when and as officially required; and funds so advanced and in the hands of contractors are subject to the administrative regulations hereinafter outlined.

The ordinary OSRD contract does not provide for advance payments but in unusual cases when the contractor has justified the need and has furnished a current balance sheet, signed by a responsible official of the concern or institution, the advance payment provision may be incorporated upon approval of the Contracting Officer after a favorable recommendation of a designated technical representative.

Advance payments cannot be made until the pertinent contract providing therefor has been executed.

PREPARATION OF REQUESTS FOR AND VOUCHERS COVERING ADVANCE PAYMENTS

In requesting advance payments under contracts providing therefor it is necessary in order to comply with contract requirements and standard accounting practices of the General Accounting Office to submit the following to the Fiscal Officer, Office of Scientific Research and Development, 1530 P Street, N. W., Washington 25, D. C.

- (1) A letter of request (signed original and four unsigned copies) asking for the sum desired, referring to Article _____ (Article authorizing advance payments) of the contract and classifying by totals the estimated expenditures under the contract for the calendar month concerned so as to show a breakdown under the various paragraphs defining actual costs as listed in the contract:

<u>Article and Paragraph</u>	<u>Items of Cost as Listed in Contract</u>	<u>Probable Actual Expenditures</u>
_____	Salaries and wages	\$ _____
_____	Materials and Services	_____
_____	Overhead	_____
_____	Travel	_____
_____	Etc. - as listed	_____

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- (2) A Standard Form 1034 Voucher (certified original and four unsigned copies) for the same amount of advance payment requested by the supporting letter and prepared to show all usual information such as name and address of contractor, contract number and date, place and date of preparation, etc. In addition to the usual information this voucher should contain in the space for description of articles or services the usual itemization and certification:

(Statement)

"Advance payments under contract indicated, as provided for in Article _____ thereof, supported by attached letter of request with itemized estimates required."

(Special Certification)

"I hereby certify that the probable actual costs listed are directly chargeable to the contract referenced, cover contemplated expenses for the calendar month of _____, and that none of the items covered by this proposed advance have been included in any previous request for advance payments."

VOUCHERING ITEMS FOR WHICH ADVANCE PAYMENTS HAVE BEEN RECEIVED

In submitting vouchers under contracts on which advance payments have been received contractors should be careful to segregate and voucher separately all items for which payment has not been received and those items for which settlement has been received under an advance payment.

Vouchers covering items for which payment has been received (advance payment) should be submitted promptly after the close of the month concerned and should bear this or a similar notation, "No check to be drawn; items listed on this voucher included in advance payment number _____ for \$ _____; this voucher submitted in itemized support thereof. Such vouchers will, of course, not involve the issuance of a check but will be filed with and constitute required itemized support for the pertinent advance payment voucher.

All vouchers (except those covering advance payments and which are supported by letters of request showing estimated totals of the various types of contemplated expenses listed under pertinent paragraphs in the applicable contract) must be itemized as required by current instructions.

VOUCHERING ITEMS UNDER ADVANCE PAYMENT CONTRACTS FOR WHICH PAYMENT HAS NOT BEEN RECEIVED IN ADVANCE.

Vouchers covering items for which payment has not been received should be submitted promptly after the close of the month concerned and should bear this or a similar notation, "Check to be drawn; no items listed on this voucher included in any advance payment."

Vouchers of this type may be involved under advance payment contracts if expenditures for a given month happen to exceed the estimated and advanced amount.

ADMINISTRATIVE REGULATIONS GOVERNING THE MAKING OF ADVANCE PAYMENTS

- (1) Advance payments are made on a month to month basis and cover the estimated, or probable actual, expenditures which the contractors contemplate will be required during the calendar month concerned.
- (2) Small contracts - the size depending upon the circumstances - do not usually provide for advance payments as the contractors themselves can ordinarily finance them.
- (3) A minimum limit of \$10,000. is usually placed on monthly advances since the trouble and expense of handling vouchers for smaller amounts is usually out of proportion to the final results achieved.
- (4) Advance payments are not usually made for periods longer than two months. This means that such payments would not be made for more than two months at the beginning of new contracts and thereafter not more than two months in advance of required itemized vouchers submitted in support of the advances.
- (5) Advance payment vouchers will be examined and recommended for approval by designated technical representatives of the Contracting Officer.
- (6) Ordinarily advance payments will not be made for the last two months of any contract which is being terminated.

ADMINISTRATIVE REGULATIONS GOVERNING THE FUNDS ADVANCED AND IN THE HANDS OF CONTRACTORS.

- (1) Interest will not be charged contractors on outstanding balances of advances.
- ~~(2)~~ Advance payment bonds will not be required from contractors.
- (3) Counter signatures of the Contracting Officer, or an authorized representative, will not be required on checks drawn against advanced funds.
- (4) All OSRD advanced funds must be kept separate from the contractors' own or other funds and in a special bank account. A contractor receiving advance payments under more than one OSRD contract need not open different accounts for each contract but may handle all advances through the one special checking account. All OSRD advances received by a contract must be deposited in the special account and all related expenditure checks must be drawn against it.

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When opening the required special account the contractor should arrange with the bank to furnish duplicate monthly statements of the account, one to be mailed to the contractor and the other to the Fiscal Officer, Office of Scientific Research and Development, at the address above given.

SAMPLE REQUEST AND VOUCHER

There are attached a properly prepared sample advance payment voucher and a letter of request. These requests and vouchers when submitted by contractors should be signed by any responsible official of the organization.

C. G. Cruikshank
Fiscal Officer

December 15, 1943

Approved:

Irvin Stewart

Contracting Officer